

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2655 - SB 2639**

February 16, 2010

**SUMMARY OF BILL:** Requires a pharmacist to notify a drug prescriber of an interchange of a brand version for another brand version, a brand version for a generic version, a generic version for a brand version, or a generic version for another generic version of a different manufacturer. The prescriber may determine that the interchange is acceptable if the prescriber has instructed on the prescription to be notified of a drug interchange. An interchange is not permitted unless the pharmacist complies with the notification requirement. Notification to the prescriber can be made verbally and documented by fax or electronically.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$4,878,400/General Fund  
Not Significant/Board of Pharmacy**

**Increase Federal Expenditures - \$9,377,600**

**Assumptions:**

- According to the Bureau of TennCare, drugs that would currently be substituted for a generic will not be substituted unless authorized by the prescriber.
- The TennCare pharmacy program has approximately an 80 percent generic utilization which is approximately 880,000 generic prescriptions per month. TennCare estimates that at least one percent or 105,600 (880,000 x 12 x .01) prescriptions per year will not be automatically substituted as a generic version of a brand version.
- According to TennCare, the average brand drug cost approximately \$135 more than the average cost of a generic drug. The increase in expenditures for brand drugs not being interchanged for generic versions is estimated to be \$14,256,000 (105,600 x \$135).
- Of the \$14,256,000, \$4,878,403 will be state funds at a 34.22 percent rate and \$9,377,597 will be federal funds at a 65.78 percent match rate.
- The Board of Pharmacy will be responsible for disciplinary actions against any pharmacist who violates the provisions of the bill. Any increase in expenditures will not be significant and can be accommodated within the existing resources of the Board.

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- Pursuant to Tenn. Code Ann. § 4-3-1011, all health-related boards are required to be self-supporting over a two-year period. As of June 30, 2008, the Board had a balance of \$261,783.99. The Board's FY08-09 balance is not yet available.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/kml